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SCHNITZER STEEL INDUSTRIES INC.'S SUBSIDIARY PLEADS GUILTY TO FOREIGN BRIBES AND AGREES TO PAY A \$7.5 MILLION CRIMINAL FINE

Parent Company Enters Into A Deferred Prosecution Agreement Following Exceptional Cooperation With Justice Department

WASHINGTON – SSI International Far East Ltd. (SSI Korea), a wholly owned subsidiary of Schnitzer Steel Industries Inc., has entered a guilty plea before U.S. District Judge Garr King at U.S. District Court in Portland, Ore., Assistant Attorney General Alice S. Fisher of the Criminal Division announced today. The company pleaded guilty to violations of the anti-bribery and books and records provisions of the Foreign Corrupt Practices Act (FCPA), as well as conspiracy and wire fraud. Additionally, Schnitzer Steel simultaneously entered into a deferred prosecution agreement with the Justice Department regarding the same underlying activity. As part of the plea and deferred prosecution agreements, it was agreed that SSI Korea would pay a \$7.5 million criminal fine.

In the information and plea documents, SSI Korea admitted that it violated the FCPA and the conspiracy and wire fraud statutes in connection with more than \$1.8 million in corrupt payments paid over a five-year period to officers and employees of nearly all of Schnitzer Steel's government-owned customers in China and private customers in China and South Korea to induce them to purchase scrap metal from Schnitzer Steel. Additionally, in the deferred prosecution agreement, Schnitzer Steel agreed to accept responsibility for the conduct of its employees, and the employees of its subsidiary, in making corrupt payments and aiding and abetting the making of false books and records entries; to adopt internal compliance measures; and to cooperate with ongoing criminal and Securities and Exchange Commission (SEC) civil investigations. The deferred prosecution agreement also provides that an independent compliance consultant will be appointed to review Schnitzer Steel's compliance program and monitor its implementation of and compliance with new internal policies and procedures related to the FCPA and private bribery.

According to the information and plea documents, SSI Korea was in the business of facilitating the sale of scrap metal by Schnitzer Steel from the United States and brokering the sale of scrap metal by Japanese suppliers to steel producers in China and South Korea. From at least 1995 to at least August 2004, SSI Korea and Schnitzer Steel, through their officers and employees, authorized and made corrupt payments to managers

of private customers in South Korea and private and government-owned customers in China to induce them to purchase, and to secure an improper advantage with respect to the purchase of scrap metal from Schnitzer Steel. Over a five-year period, between September 1999 and August 2004, corrupt payments of approximately \$1,683,672 were paid to managers of private customers in China and South Korea, and corrupt payments of approximately \$204,537 were paid to managers of government-owned customers in China. As a result of these corrupt payments, during that same time period, Schnitzer Steel realized gross revenue of approximately \$602,139,470 and profits of approximately \$54,927,319 on scrap metal sold to private sector Chinese and South Korean customers, and gross revenue of approximately \$96,396,740 and profits of approximately \$6,259,104, on scrap metal sold to government instrumentalities in China.

According to all parties to the agreements, the resolution of the criminal investigation of Schnitzer Steel and its subsidiary resulted, in large part, from the actions of Schnitzer Steel and its Audit Committee in voluntarily disclosing the matter to the Justice Department; conducting a searching and extensive internal investigation; sharing the results of that investigation in a prompt fashion with the Department; cooperating extensively and authentically with the Department in its ongoing investigation; taking appropriate disciplinary action against individual wrongdoers, irrespective of rank; replacing senior management; and taking significant remedial steps, including the implementation of a robust compliance program.

“Today's announcement demonstrates that if a U.S. company does business using bribes, it will be held accountable,” said Assistant Attorney General Fisher. “This announcement also shows that when companies voluntarily disclose FCPA violations and cooperate with Justice Department investigations, they will get a real, tangible benefit. In fact, Schnitzer Steel’s cooperation in this case was excellent, and I believe that the disposition announced today reflects that fact. We appreciate the assistance and cooperation provided by the SEC, which was vital in reaching the result announced today.”

Schnitzer Steel has also settled related civil enforcement proceedings by the SEC. Today, the SEC filed a federal court complaint charging Schnitzer Steel with violating the FCPA and issued an administrative order finding that Schnitzer Steel had violated the anti-bribery, books and records and internal controls provisions of the FCPA. Schnitzer Steel consented to the entry of a final judgment in the federal lawsuit requiring it to pay a \$7.7 million civil penalty and consented to the Commission’s issuance of its administrative order.

The criminal case is being prosecuted by Deputy Chief Mark F. Mendelsohn, Assistant Chief Deborah Gramiccioni, and Trial Attorney Kathleen McGovern, of the Fraud Section, with the investigative assistance of the Federal Bureau of Investigation.

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